

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OKLAHOMA

FILED

NOV 29 2001

MICHAEL L. WILLIAMS, CLERK
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF OKLAHOMA

IN RE:

COMMERCIAL FINANCIAL SERVICES,
INC. and

CF/SPC NGU, INC.

Debtors and Debtors-in-
Possession

COMMERCIAL FINANCIAL
SERVICES, INC.

Plaintiff,

v.

AMERICAN INTERNATIONAL
SPECIALTY LINES INSURANCE
COMPANY, et al.,

Defendants/Third-Party
Plaintiffs,

v.

WILLIAM R. BARTMANN, et al.,

Third-Party/Non-Debtor
Defendants.

Case No. 98-05162-R
(Chapter 11)

Case No. 98-05166R
(Chapter 11) Jointly Administered
with Case No. 98-05162-R

Hon. Terrence L. Michael

Adv. No. 00-0244-M

JUDGMENT

NOW ON this ____ day of November, 2001 comes on for consideration all parties
Agreed Application for Judgment Confirming Arbitration Award and Directing Disbursement of
Funds (the "Agreed Application"). The Court, upon consideration of the Agreed Application,
and the pleadings and orders filed herein, finds as follows:

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1. The parties to this adversary proceeding entered into extensive settlement negotiations, resulting in the execution of a comprehensive settlement agreement dated August 23, 2001 (the "Settlement Agreement"). On August 24, 2001, CFS filed a Motion for Approval of Settlement of Insurance Coverage Litigation and Notice of Opportunity for Hearing, seeking court approval of the Settlement Agreement. The Settlement Agreement was approved by this Court through its Order of September 17, 2001, ("Order Approving Settlement") which also authorized the ABS Trust to prosecute this action as assignee of CFS.

2. In accordance with the terms of the approved Settlement Agreement, AISLIC and National Union are holding the sum of \$10.4 million dollars, plus interest accrued as provided in the Settlement Agreement (the "Settlement Fund"), pending this Court's order of disbursement.

3. The Settlement Agreement provides that the Settlement Fund will be allocated among the parties pursuant to an arbitration to be held in accordance with the more specific terms of the Settlement Agreement and the Rules and Procedures Governing Arbitration of Entitlement to Insurance Proceeds, appended to the Settlement Agreement.

4. Additionally, the Settlement Agreement provides that the ABS Liquidating Trustee, as successor to the ABS Committee, withdraws its Motion to Intervene and its Motion to Expunge previously filed in this adversary proceeding. Likewise, Gertrude Brady withdraws her Application for Citation for Contempt against the ABS Committee and its counsel.

5. The parties agreed that John Leo Wagner (the "Arbitrator") would act as the sole independent arbitrator to whom evidence of all parties' claims to the Settlement Fund would be presented, after which he would issue a final and unappealable arbitration award.

6. On October 24, 25 and 26, 2001, the parties presented evidence and argument to the Arbitrator. In accordance with the Arbitrator's obligations under the terms of the Settlement Agreement, the Arbitrator issued his ruling on November 15, 2001 allocating the Settlement

Fund among the parties to the arbitration. A copy of the Arbitrator's ruling ("Arbitration Award") is attached to the Agreed Application.

7. Pursuant to the terms of the Settlement Agreement, this Court is to enter a judgment deeming the motions and application described in paragraph 4 above as withdrawn, confirming the Arbitration Award and ordering a distribution from the Settlement Fund in accordance therewith. All fees and costs incurred by the Arbitrator, and certain arbitration related costs of all parties, are to be paid first from the Settlement Fund.

8. There is no objection to the Arbitrator's statement for services rendered, in the amount of \$38,011.95. There is no objection to the ABS Trust statement for expenses in the amount of \$20,007.35. There is no objection to the Individual Defendants' statement for expenses in the amount of \$2,984.93. There is no objection to the calculation of interest due under the Settlement Agreement from AISLIC and National Union in the amount of \$29,682.74.

9. All parties to this proceeding have agreed to the terms of this Judgment confirming the Arbitration Award and ordering distribution of the Settlement Funds.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that the above findings be included herein as the Order of this Court, that the Arbitration Award be and is hereby affirmed and that the funds subject to the arbitration proceeding be distributed as follows: (a) John L. Wagner is awarded \$38,011.95; (b) the ABS Trust is awarded \$2,567,122.82; (c) William Bartmann, c/o his Qualified Settlement Fund, is awarded \$1,052,649.70; (d) Kathryn Bartmann, c/o her Qualified Settlement Fund, is awarded \$1,052,649.70; (e) Caroline Benediktson, c/o her Qualified Settlement Fund, is awarded \$1,152,649.70; (f) Gertrude Brady, c/o R. Thomas Seymour, Attorneys, Client Trust Account, is awarded \$1,168,649.70; (g) Bruce Hadden, c/o his Qualified Settlement Fund, is awarded \$1,052,649.70; (h) Jay L. Jones, c/o his Qualified Settlement Fund, is awarded \$1,052,649.70; (i) Michael Temple, c/o his Qualified

Settlement Fund, is awarded \$1,052,649.70; (j) Charles Welsh, c/o his Qualified Settlement Fund, is awarded \$240,000; and (k) the amounts awarded to each of Bill Bartmann, Kathryn Bartmann, Benediktson, Hadden, Jones, Temple and Welsh shall be paid to or deemed to be awarded to a Qualified Settlement Fund under Section 468B of the Internal Revenue Code, as established pursuant to the Settlement Agreement and the Order Approving Settlement, and shall be subject to the continuing jurisdiction of this Court. The Court further finds that all sums awarded to William Bartmann, Kathryn Bartmann, Benediktson, Brady, Hadden, Jones, Temple and Welsh shall be disbursed and utilized in accordance with the terms of the Settlement Agreement, including Section 2.8 thereof.

Dated this 29th day of November, 2001.


Terrence L. Michael
United States Bankruptcy Judge

Order agreed to and submitted by:

**HALL, ESTILL, HARDWICK, GABLE,
GOLDEN & NELSON, P.C.**

By: 

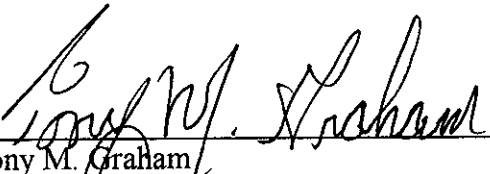
James M. Reed, OBA #7466
Mark Petrich, OBA #11956
Pamela H. Goldberg, OBA #12310
Bonnie N. Hefner, OBA #18392
320 S. Boston, Suite 400
Tulsa, Oklahoma 74103
(Telephone) (918) 594-0400
(Facsimile) (918) 594-0505

**ATTORNEYS FOR WILLIAM R. AND
KATHRYN A. BARTMANN**

Drew Neville, OBA #6641
Russell Cook, OBA #1874
**HARTZOG, CONGER, CASON
& NEVILLE**

1600 Bank of Oklahoma Plaza
201 Robert S. Kerr Avenue
Oklahoma City, OK 73102
Telephone (405) 235-7000
Facsimile (405) 235-7329

**ATTORNEYS FOR CAROLINE
B BENEDIKTSON**



Tony M. Graham
**FELDMAN, FRANDEN, WOODARD
& FARRIS**

525 S. Main, Suite 1000
Tulsa, OK 74103
Telephone (918) 583-7129
Facsimile (918) 584-3814

ATTORNEYS FOR CHARLES WELSH

George S. Corbyn, Jr.
Two Leadership Square
211 N. Robinson, Suite 1120
Oklahoma City, OK 73102
Telephone (405) 239-7055
Facsimile (405) 239-2436

ATTORNEYS FOR BRUCE HADDEN

Terry W. Tippens
John B. Heatley
Eric S. Eissenstat
**FELLERS, SNIDER, BLANKENSHIP,
BAILEY & TIPPENS, P.C.**

Bank One Tower
100 N. Broadway, Suite 1700
Oklahoma City, OK 73102-8820
Telephone (405) 232-0621
Facsimile (405) 232-9659

**ATTORNEYS FOR MICHAEL C.
TEMPLE**

Clark O. Brewster
Montgomery L. Lair
BREWSTER & DeANGELIS, P.L.L.C.
2617 East 21st Street
Tulsa, OK 74112
Telephone (918) 742-2021
Facsimile (918) 742-2197

ATTORNEYS FOR JAY L. JONES

R. Thomas Seymour
C. Robert Burton
SEYMOUR LAW FIRM
100 West Fifth St., Ste. 550
Tulsa, OK 74103
Telephone (918) 583-5791
Facsimile (918) 583-9251

**ATTORNEYS FOR GERTRUDE A.
BRADY**

Drew Neville, OBA #6641
Russell Cook, OBA #1874
**HARTZOG, CONGER, CASON
& NEVILLE**

1600 Bank of Oklahoma Plaza
201 Robert S. Kerr Avenue
Oklahoma City, OK 73102
Telephone (405) 235-7000
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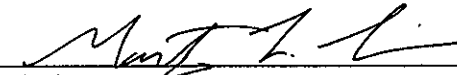
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Tulsa, OK 74103
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211 N. Robinson, Suite 1120
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Terry W. Tippens
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TEMPLE**



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SEYMOUR LAW FIRM
100 West Fifth St., Ste. 550
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BRADY**

Drew Neville, OBA #6641
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**HARTZOG, CONGER, CASON
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1600 Bank of Oklahoma Plaza
201 Robert S. Kerr Avenue
Oklahoma City, OK 73102
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B BENEDIKTSON**

Tony M. Graham
**FELDMAN, FRANDEN, WOODARD
& FARRIS**

525 S. Main, Suite 1000
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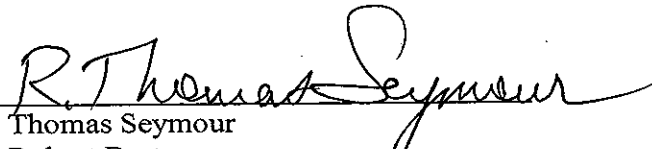
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BAILEY & TIPPENS, P.C.**

Bank One Tower
100 N. Broadway, Suite 1700
Oklahoma City, OK 73102-8820
Telephone (405) 232-0621
Facsimile (405) 232-9659

**ATTORNEYS FOR MICHAEL C.
TEMPLE**

Clark O. Brewster
Montgomery L. Lair
BREWSTER & DeANGELIS, P.L.L.C.
2617 East 21st Street
Tulsa, OK 74112
Telephone (918) 742-2021
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C. Robert Burton
SEYMOUR LAW FIRM
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Tulsa, OK 74103
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BRADY**

Russell Cook

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**HARTZOG, CONGER, CASON
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Oklahoma City, OK 73102
Telephone (405) 239-7055
Facsimile (405) 239-2436

ATTORNEYS FOR BRUCE HADDEN

Terry W. Tippens by Special Permission

Terry W. Tippens
John B. Heatley
Eric S. Eissenstat
**FELLERS, SNIDER, BLANKENSHIP,
BAILEY & TIPPENS, P.C.**

Bank One Tower
100 N. Broadway, Suite 1700
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SEYMOUR LAW FIRM
100 West Fifth St., Ste. 550
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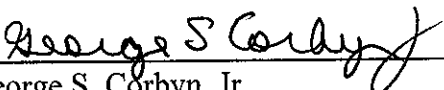
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201 Robert S. Kerr Avenue
Oklahoma City, OK 73102
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Facsimile (405) 235-7329

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B BENEDIKTSON**

Tony M. Graham
**FELDMAN, FRANDEN, WOODARD
& FARRIS**

525 S. Main, Suite 1000
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Telephone (918) 583-7129
Facsimile (918) 584-3814

ATTORNEYS FOR CHARLES WELSH


George S. Corbyn, Jr.
GEORGE S. CORBYN, JR., P.L.L.C.
Two Leadership Square
211 N. Robinson, Suite 1120
Oklahoma City, OK 73102
Telephone (405) 239-7055
Facsimile (405) 239-2436

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Terry W. Tippens
John B. Heatley
Eric S. Eissenstat
**FELLERS, SNIDER
BLANKENSHIP,
BAILEY & TIPPENS, P.C.**
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Oklahoma City, OK 73102-8820
Telephone (405) 232-0621
Facsimile (405) 232-9659

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TEMPLE**

Clark O. Brewster
Montgomery L. Lair
BREWSTER & DeANGELIS
2617 East 21st Street
Tulsa, OK 74112
Telephone (918) 742-2021
Facsimile (918) 742-2197

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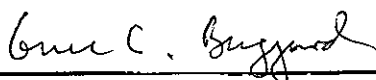
R. Thomas Seymour
C. Robert Burton
SEYMOUR LAW FIRM
100 West Fifth St., Ste. 550
Tulsa, OK 74103
Telephone (918) 583-5791
Facsimile (918) 583-9251

**ATTORNEYS FOR GERTRUDE
A. BRADY**

Caroline W. Spangenberg
Dennis S. Meir
KILPATRICK STOCKTON LLP
1100 Peachtree St., Ste. 2800
Atlanta, Georgia 30309-4530
Telephone (404) 815-6500
Facsimile (404) 815-6555

Richard A. Conn, Jr.
LATHAM & WATKINS
1001 Pennsylvania Ave., N.W.
Suite 1300
Washington, DC 20004
Telephone (202) 637-2121
Facsimile (202) 637-2201

and



Gene C. Buzzard
GABLE & GOTWALS
100 W. 5th St., Ste. 1100
Tulsa, OK 74103-4217
Telephone (918) 595-4800
Facsimile (918) 595-4990

**ATTORNEYS FOR ABS
LIQUIDATING TRUST**